FACTORS INFLUENCING GROWTH OF MSEs OWNED BY WOMEN ENTERPRENEURS IN CHUKA MUNICIPALITY, MERU SOUTH DISTRICT

BY

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REG: No: D53/OL/1809/02

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE MASTERS DEGREE IN BUSINESS ADMINISTRATION (ENTREPRENEURSHIP DEVELOPMENT) AT SCHOOL OF BUSINESS, KENYATTA UNIVERSITY

SEPTEMBER 2005
DECLARATION

This project is my original work and has not been presented in any other university or for any other award

Signature..........................Date. 19/9/05

SUPERVISORS APPROVAL

This project has been submitted for examination with my permission as the University supervisor

Signature..........................Date. 19/9/05

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CHAIRMAN'S APPROVAL

This project has been submitted for examination with my permission as the chairman of Department

Signature..........................Date

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Chairman, Department of Business Administration
DEDICATION

To my parents William and Dorothy, my dear husband Edward and my son Teddy.
ACKNOWLEDGEMENT

This work would not have been possible without the contributions of various people and who I highly thank. I am highly indebted to my supervisor Mr Ambrose Jagongo for his tireless efforts, commitment and ideas that were very important and valuable. Many thanks also go to Mrs Gitonga of Kenyatta University, Department of Business studies for her timely criticisms.

I am grateful to my parents for their love, support and much sacrifice all through my studies. “Thanks for allowing me to know that I would always count on you”. To my brothers and sisters; Fridah, Grace, Mutwiri, Muchiri, Ireri, Njagi, Wanjia and the late Muthoni. To my sister in law Mary for always being there for me.

Thanks to my husband Edward for his love patience, encouragement and a helping hand all through from proposal writing, data collection and analysis. ‘Thanks for being there and always supportive’.

Thanks to my classmates Mugambi and Gitonga for providing a good learning atmosphere. Many thanks also go to my respondents from Chuka municipality for filling in my questionnaires willingly.

Above all I thank the almighty God for strength, good health and a sound mind and life to this far. To others not mentioned here, accept my thanks and appreciation. God bless you all.
ABSTRACT

Women entrepreneurs are increasing rapidly though faced with a number of problems. They have been identified as a force for innovation and job creation. One of the reasons as to why we should encourage women entrepreneurs is because nowadays, they are given a chance to be educated and can contribute to national development equally as men do. This study investigated the factors influencing growth of MSFs owned by women entrepreneurs in Chuka municipality, Meru south district.

The research was mainly the use of quantitative methodology. Data was collected using questionnaires distributed to sixty nine respondents chosen through a stratified sample frame. Two research assistants were engaged to help with data collection in selected areas in the municipality. Data on the quantitative data was analyzed using MS Excel computer package.

The study realized factors affecting growth of women owned enterprises, hindrances to their development and the strategies that could be formulated for their development. The problems concluded that factors affecting women owned MSEs in the area were similar to all MSEs in the country. The study recommended further research on why MFIs were not known to these enterprises among other researches. Some of problems encountered during the duration of study included; uncooperative respondents, time constraints and limited funds available to carry out the study.
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ABBREVIATIONS/ACRONYMS

CBS  Central Bureau of Statistics
GOK  Government of Kenya
ICEG  International Centre for Economic Growth
ILO  International Labour Organization
K-REP  Kenya Rural Enterprise Programs
MFIs  Micro Finance Institutions
NFWBO  National Foundation for Women Business Owners
NGO  Non Governmental Organization
MSEs  Micro and Small Enterprises
SACCOs  Savings and Credit Cooperative Societies
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OPERATIONAL DEFINITION OF TERMS

Micro and small Enterprises
These are essentially formally registered businesses that employ five to 150 employees and with a turnover of between Sh 6 and 150 million.

Entrepreneur
Refers to an individual(s) who organizes, manages and assumes the risks of a business or enterprise. An entrepreneur is a business innovator who establishes a new business entity to offer a new or existing product or service into a new or existing market for profitable motivations.

Entrepreneurial Choice
Refers to the options and opportunities available to the entrepreneur, about the various aspects of the enterprise i.e. the product market scope; core technology; location; timing; scale of operation; physical; human, informational and other form of resources.
CHAPTER 1: INTRODUCTION

1.1 Background Information

According to general commercial statistics, (Business Development Bank of Canada, 1997), from a purely statistical point of view, an entrepreneur is defined as a person who establishes “genuinely new enterprise”. This means that the number of entrepreneurs is expressed by the annual influx of personally owned enterprises.

According to Timmons and Spinelli (2003) entrepreneurs refer to an individual(s) who organizes, manages and assumes the risks of a business or enterprise. An entrepreneur is a business innovator who establishes a new business entity to offer a new or existing product or service into a new or existing market for profitable motivations. Entrepreneurs often have strong beliefs about a market opportunity and are willing to accept a high level of personal, professional and financial risk to pursue that opportunity. An entrepreneur must possess a variety of different skill sets that span most, if not all, business functions because they often begin with limited resources.

According to Mutua et al., (1996), an entrepreneurial event can be defined as the fact that one or several persons recognize a commercial opportunity in relation to the surroundings, acquire and organize the necessary resources and coordinate the activities required for exploiting the opportunity commercially. By extension, entrepreneurs may be perceived as the person or persons who initiate and implement the managerial process behind the entrepreneurial event. For example, a person who makes an invention without commercializing it by establishing enterprise will not on the basis of this definition be regarded an entrepreneurs.

Academics and governments appear to be concentrating on encouraging entrepreneurs, because it symbolizes innovation and dynamic economy. Female entrepreneurs have been identified as a “major force for innovation and job creation”
(Neider, 1987) and therefore much research about women business owners has concentrated on their motivations to become entrepreneurs.

When it comes to women entrepreneurs, it appears that only a small part of entrepreneurial motivations are acknowledged as gender-based. Instead, "pull" and "push" factors are now a common way of explaining different motivations for women to start a business (Brush, 1990; Buttner and Moore, 1997). Push factors are elements of necessity such as insufficient family income, dissatisfaction with a salaried job, difficulty in finding work and a need for a flexible work schedule because of family responsibilities. Pull factors relate to independence, self-fulfillment, entrepreneurial drive and desire for wealth, social status and power (Brush, 1990). A push/pull model reflects most entrepreneurial motivations, and one female specific feature is the push factor of a flexible schedule, reflective of the family caring role that is self expected from women. Because of their mothering role, women experience truncated or stopped careers more often than men. Women are therefore more dissatisfied with their careers and see entrepreneurship as a means of accommodating their work and child rearing roles simultaneously (Cromie, 1987).

According to Mutua et al., (1996) the idea of enterprise is based on a certain degree of poverty and a continued search for new possibilities of development and renewal of the enterprise in one or several dimensions. In the aggregate, women-owned entrepreneurial ventures are of increasing importance in the social-economic development of the United States economy. As evidence, consider that the rates of women-owned business comprise a 35% share of all small firms, that they generate $2.3 million dollars in annual revenue, and employ 18 million individuals. In fact, these firms provide employment to about 26% of all workers in the United States.

One of the reasons as to why we should encourage women entrepreneurs is because previously, women were poorly educated but nowadays, they are given a chance to be educated. We should therefore allow and even support them to utilize the knowledge
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One of the reasons as to why we should encourage women entrepreneurs is because previously, women were poorly educated but nowadays, they are given a chance to be educated. We should therefore allow and even support them to utilize the knowledge
they acquire to help our economies grow. In the Kenya National development plan, the objectives clearly state that there should be equal access to education and employment for women and that employment creation in the small scale sector should be emphasized. As a result, it is necessary to seek ways of encouraging women participation in entrepreneurship.

Chuka municipality is located at the Eastern slopes of Mount Kenya and is the district headquarters of Meru South District (See appendix 1). Meru South is agriculturally productive with most of the agricultural and economic activities being carried out by women. Chuka division is densely populated with a population of 53,517 people with over half the number being women (27,404). In this area, the traditional delineation of labour persists with women assuming the entire responsibility for child care, the largest share of family welfare in the provision of food, water and firewood and the general maintenance of the homestead in addition to their other economic activities (1999 Population and housing census). Most of these tasks are burdensome and time consuming. This study will therefore serve as a way of empowering these women to indulge in entrepreneurial activities profitably.

1.2 Statement of the problem

It is evident that women entrepreneurs are increasing rapidly. One of the greatest constraints facing women in small scale enterprises is lack of education and training. This was an historical imbalance that began with restrictive colonial practices and continued to independence when there were ten times as many boys as girls in school (I.L.O, 1972)

Access to credit remains a major problem facing the MSEs in Kenya. The government expects this sector to make a major contribution towards poverty alleviation (National Poverty Eradication Plan 1999-2015) Providing Kenyan women entrepreneurs with appropriate savings facilities, and encouragement to mobilize
savings will facilitate the generation of sustainable sources of funds for enterprise
growth and development.

There is a great need to employ women more constructively for the national benefit
given their huge economic contributions to the country at the family, community and
national levels. This is because women have been facing many problems in small
scale enterprises some of which include discrepancy between policy and practice,
education and training, socio-cultural attitudes and financial constraints (ILO 1972).

In African context Kenya included, for many years women’s role in business was
unheard of and was considered a man’s world and this relegated the woman to the
kitchen and child bearing for centuries (Granovetter, 1985). Yet women have
weathered the storms and are penetrating to all sectors that were considered men’s
affairs. Many are now seen everywhere from car garages to the executive offices in
the land that this was unthinkable. Of concern is their entrepreneurial ventures; they
have the spirit and will to venture into entrepreneurship but have huddles of finance.
This research was therefore aimed at finding out what enhances the growth of women
owned enterprises in Chuka municipality, what hindered their growth and the
strategies that can be put into place to

enhance their growth.
1.3 Objectives of the Study

1.3.1 General objective
To identify factors influencing growth of MSEs owned by women entrepreneurs in Chuka municipality, Meru south district

1.3.2 Specific objectives
1. To find out factors that affect growth of women owned enterprises in Chuka municipality
2. To establish what hinders growth of women owned enterprises in Chuka municipality
3. Identify strategies for growth of women owned enterprises in Chuka municipality

1.3.3 Research Questions
(i) What factors affect the growth of women owned enterprises in Chuka municipality?
(ii) What hinders the growth of women owned enterprises in Chuka municipality?
(iii) What strategies can be put into place to enhance the growth of women owned enterprises in Chuka municipality?

1.4 Significance of the Study

It is evident that many small scale enterprises that have been initiated by women or groups of women are characterized by lack of adequate knowledge and information, management capacity or financial capability that would ensure their success. There is
therefore a need for the creation of an enabling environment to facilitate self reliance for women entrepreneurs.

The results of this study will fill in knowledge gaps by giving information regarding the constraints facing the entrepreneurial activities of these women. The results of this study will assist micro - finance institutions in their role of financing women entrepreneurs. The results of this study are expected to assist policy makers to provide enabling environment such as training and advisory services, credit facilities, marketing, infrastructure, technology and associations.

1.5 Scope of the study

The scope of this research was limited to women entrepreneurs in Chuka municipality which is the district headquarter of Meru South District. The study targeted all women owned businesses irrespective of the nature of business nature within the MSE sector.

1.6 Limitations of the study

Some of the limitations during the period of research included; suspicion from the residents whereby the research team was suspected for criminal investigators. Financial constraints also remained a challenge due to inavailability of funds, and finally, time constraint as the time available for this study was short.
To counter these limitations, a detailed introduction of the research was done to the respondents including a letter of introduction from Kenyatta University to avoid suspicion. The study was self funded to meet the cost of the project and research assistants were trained and employed to assist collecting data given the short period of carrying out the project.

1.7 Conclusion

This chapter dealt with focus of the study, statement of the problem, the objectives, scope, significance and limitations of the study. The next chapter deals with literature review.
CHAPTER 2: LITERATURE REVIEW

2.0 Introduction

This study includes a critical review of literature about factors influencing growth of MSEs owned by women entrepreneurs, the role that MSEs play in Kenya, the policy framework and the cultural and socio-economic issues affecting women entrepreneurs.

2.1 Importance of entrepreneurship

Women have traditionally played an important role in MSEs sector, as owners, managers and workers. They dominate important sub-sectors, making up considerable percentages of the employees in the textile, clothing and leather production, in food, beverages and tobacco production, and also in wood and wood processing (McCormick, 1998). They also perform most agricultural work in rural areas, where they act as micro entrepreneurs and traders of agricultural produce.

Solomon and Fernald (1988) defined entrepreneurship as a unique function of bearing non-insurable risk to the entrepreneur. They defined the entrepreneur as a person who is able to look at the environment, identify opportunities, to improve the environment, marshal resources, and implement action to maximize those opportunities. Schumpeter (1961) defined entrepreneurship as the act of carrying out a new combination of firm organization-new products, new services, and new sources of raw materials, new methods of production, new markets, and new forms of organization. This study therefore seeks to find out how women entrepreneurs in Chuka municipality can be assisted utilize the available resources to enhance there business enterprises.
2.2 Role of Micro and small Enterprises in Kenya

It is a well known fact that MSEs Play an important role in the industrialization process of any country, be it a developing or a developed one. In 1999, Kenya had an estimated 1,289,012 enterprises with the total number of workers being 2,361,250 (CBS, ICEG and K-Rep Holdings, 1999).

A comparison of the trend in employment in the formal and informal sectors in Kenya indicates that the informal sector has the potential to employ an increasing number of people. Since 1964 the sector has provided most of the employment whereas the formal sector stagnated and dwindled from 45.7% to 35.5% In terms of employment growth, Daniel et al., (1995) found that trade had overwhelming importance in generating employment among MSEs. Hardware, retail and barbershops as well as beauty salons had negligible contribution to employment growth.

In addition to employment, job creation and income generation, MSEs play other important roles in the economy, such as production of goods and services and development of skills. The major benefits of the small enterprises are clearly brought out in Kenya Sessional paper NO. 2 (GOK 1992).

2.3 Policy Framework in Kenya

The Kenyan government recognizes the role and importance of micro and small enterprises as is evident from the government policy documents on this sector such as the current and preceding National Development Plans, Sessional Papers, National Baseline and Economic Surveys, Poverty Eradication Strategy Plans & Papers and Economy Recovery Strategy Papers released by the government.

Sessional paper No. 2 (GOK 1992) set out a comprehensive policy framework to enhance direct assistance to individual entrepreneurs and small scale enterprise, the
transition of SMEs into medium size enterprises. The aim was to support an enabling policy environment by redressing licensing, tax, security of works and other regulatory restrictions on informal sector activities. This Sessional paper stressed the role of private sector enterprise and initiatives, with the government playing mainly a facilitative role. It underlines the need for adequate access to credit, provision of management and technical training and other non-financial support programmes in business counseling, consulting, marketing and extension services.

This Sessional paper No. 2 of 1992 acknowledges that gender equity among entrepreneurs in the small scale sector is undermined by the special constraints women face. Among the constraints the Sessional paper identifies are loopholes in the implementation of equitable laws, particularly in employment and inheritance as well as discriminatory and often negative attitudes and social practices that limit equal participation of men and women in all entrepreneurial activities. However, this Sessional paper proposes policy measures designed to incorporate gender concerns in civic educational and to raise gender awareness in all sectors of the economy.

Sessional Paper No. 2 (1996) on Industrial Transformation to the Year 2020 noted that despite government efforts aided by a large number of donor agencies and NGO’s, there still remained four major constraints that restrained the expansion of the micro and small-scale enterprise sector. This Sessional paper identified these as access to credit, access to land and infrastructure, access to training & technical support, and access to technology and information. This study will therefore be used as a tool by various organizations and the government in formulating policies that will lead to the improvement of the MSEs.

2.4 Cultural and socio-economic issues affecting women entrepreneurs

The social structures of the developing countries do not allow many women to rise to high positions. This makes them to get frustrated; hence they can only be supported
by empowering them to do business. According to Granovetter (1985) inequality makes us all poorer. This is because the capitalists produce to sell to the population and therefore if the population is poor, then even the rich capitalists will not get good business. Women remain marginalized with some places having four out of five women being pathetically poor. Women have in most cases been confined at home with the role of bearing and raising children and looking after their families while men go to work. It is therefore necessary to empower women financially because by doing so, we will also be improving the purchasing power of the consumers of rich capitalist’s goods and services.

Women in other parts of the world have achieved great success in starting business in the last 10 years and it is important to consider this dynamic if the small scale strategy is to be a success (ILO 1972). 32% of Kenya’s households are headed by women (the number rises to 50% in Nyanza, Western and Taita) and there is a need to have a source of income. Kenyan women have been disadvantaged historically and this imbalance needs to be redressed

United States Department of Commerce Survey of Business by Gender of Ownership (1994) illustrates that women are not only starting business in record numbers, but that they are also rapidly growing their businesses. The survey showed that 78.5% of women-owned firms had between one and nine employees, composed with 68.2% for all employer firms. Despite these impressive contributors, little is known about these populations potential contributions, for job creation and sustained economic development.

2.5 Gender Participation in MSEs

Gender participation in MSEs is determined by various institutions that set rules (McCormick, 1998). These institutions that include education, social and economic institutions influence the entrance into and operations of the business. They tend to determine the level of investment, background to training, access to education,
opportunity availability and utilization. In comparison to men, women tend to invest smaller amounts of capital and men have a better background to education and training, an advantage that creates better business opportunities and better chances for them to utilize these opportunities. Despite the fact that more women than men own MSEs, their businesses are smaller and less profitable than those of men (McCormick, 1998).

Women spend less time in their businesses than men, and this could be partly attributed to the multiple roles that they play. Most women have to operate their businesses from home since they find it easier as they attend to other family matters as opposed to men who operate theirs from shopping centers. They cautiously invest so as to ensure that they are able to meet both the business financial requirements and the other family expenses, and hence are more likely to form business networks and linkages than men, that tend to help them in their business management (Parker 1994).

Women are concentrated in enterprise that conform to their traditional gender roles: food processing and garment making at the micro enterprise level largely seen as a female domain though few men take up on these areas.

2.6 Empowerment of Women Entrepreneurs

One of the major hinderances facing women entrepreneurs in Kenya is lack of credit, educational know-how and technology (National Poverty Eradication Plan 1999, 2015).

Creating educational tactics for improving technical skills is fundamental for entrepreneurial growth. Technology, education, and training issues are tightly interwoven and can prevent women entrepreneurs from reaching their profitability potential. The focus these days should be on technology, education, and training. Training is the essential component for producing an able corps of entrepreneurs who not only survive but thrive and contribute to the local, and ultimately, the global
economy. Skill-based training, technical training, technology training, and delivery of management skills are necessary to strengthen not only entrepreneurs, but also associations. Technical assistance, in other words, is especially valuable in developing and transitional economies where business and managerial skills are often completely lacking.

Providing Kenyan women entrepreneurs with appropriate savings facilities, and encouragement to mobilize savings will facilitate the generation of sustainable sources of funds for enterprise growth and development. Findings of Central Bureau of Statistics, International Center for Economic Growth and K-REP (1999) study revealed that firms, which are smaller in size, younger in age or operated by women, experienced the highest growth rates. This suggest that small loans are more likely to benefit small-scale firms as well as women owned enterprises (Oketch, 1998)

Women entrepreneurs should be encouraged because women ventures are usually cheap to start up unlike men’s ventures. Now days, women are given a chance to be educated and have registered successes in different areas of entrepreneurship all over the world (See appendix 1). We should therefore allow and even support them to utilize the knowledge they acquire to help our economies grow. Staff rationalization is a very familiar term in developing countries and the most affected are the middle and the lower cadre. Unfortunately, this is where most women fall. It’s therefore absolutely necessary for us to support these retrenched earn a living.

According to Buttner and Moore, 1997 “two changes have occurred over the past 10 years in the enabling environment for women in the economy. One is the establishment of legal equality for women. The other is granting women equal access to education and training.” Women entrepreneurs are significantly affecting the global economy. This study will therefore review the extent to which gender participation contribute towards the growth of MSEs owned by women.
2.7 Conclusion

It is evident that women entrepreneurs play a significant role in entrepreneurial development. However, literature gives the obstacles that women entrepreneurs face in international business which include limited international business experience or exposure, inadequate business education and lack of access to international networks among others. On the other hand, challenges common to all enterprises include securing funding, developing marketing and management skills, and devising suitable business strategies to thrive in globalized social and economic environments. Other impediments for Women are societal, cultural, and religious attitudes. In revitalizing economies they may also face different infrastructure problems. Women in Chuka are not an exceptional. This study therefore intends to identify strategies that are best in curbing the above so as to ensure growth of women owned MSEs.

2.8 Conceptual Framework

The conceptual framework focuses on four independent variables as indicated on the figure below, with intervening variables that affect the growth of women entrepreneurs in Kenya. These independent variables are assumed to be the most likely factors that would determine whether the business grows or not.

For growth of women owned enterprise to occur, it is hypothesized that factors such as culture, family size, level of education, family responsibility and cultural factors will play a role in conjunction with the intervening variables which includes MSE policies, infrastructure and government policies among others.
Figure 1: Conceptual framework (Author, 2005)
CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the overall research design, the study area, the target population, the sampling techniques, the data collection procedure and the method used in data analysis

3.2 Research Design

The research was quantitative and deductive and was mainly descriptive methodology. According to Saunders et al., (2003) combining of different research designs in one study enables triangulations and increases validity of the findings. For this reason, elements of exploratory design were used to establish causal relationship between variables. The descriptive design was used because it portrays accurate profile of personal factors, events or situations. The research process involved, identifying the target population and sample selection. The research developed questionnaire. Locational mapping of the enterprises was done. The questionnaires were distributed to the entrepreneurs. After two weeks, the questionnaires were collected and data analysis done.

3.3 Target Population

The research was a study of women of Chuka municipality in Meru South District (who fitted within the operation definition of entrepreneurs). It consisted of women who initiated, owned or operated business enterprises. Chuka municipality is a cosmopolitan area with various entrepreneurial activities being carried out by women. The total number of businesses is two thousand with seven hundred being owned by women. The Kind of women entrepreneurs are as follows: food – 271, saloons – 80, tailoring, 104, shops – 90, bars – 7, schools – 12, transport and hotels – 34 (Chuka Municipal council, 2005).
3.4 Sampling Frame

The population was stratified according to the kind of entrepreneurial activities undertaken. Proportionate stratified sampling was used where the number of elements included in the sample included a 10% sample for each category entrepreneurial activity (strata). This sampling procedure has the credit for increasing statistical efficiency, provides self weighing sample and much easier to carry (Mugenda and Mugenda, 1999., Cooper and Schindler, 2003). A total of 69 women entrepreneurs were interviewed.

Table 1: Sample size determination

<table>
<thead>
<tr>
<th>Type of business</th>
<th>Total population</th>
<th>% sample</th>
<th>Actual sample size</th>
</tr>
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<tbody>
<tr>
<td>Communication bureaus</td>
<td>20</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td>Second hand clothes</td>
<td>70</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td>Tailoring</td>
<td>104</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Transport</td>
<td>10</td>
<td>10</td>
<td>1</td>
</tr>
<tr>
<td>Schools</td>
<td>12</td>
<td>10</td>
<td>1</td>
</tr>
<tr>
<td>Salons</td>
<td>80</td>
<td>10</td>
<td>8</td>
</tr>
<tr>
<td>Hotels</td>
<td>30</td>
<td>10</td>
<td>3</td>
</tr>
<tr>
<td>Shops</td>
<td>90</td>
<td>10</td>
<td>9</td>
</tr>
<tr>
<td>Food</td>
<td>271</td>
<td>10</td>
<td>27</td>
</tr>
<tr>
<td>Bars</td>
<td>7</td>
<td>10</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>700</strong></td>
<td></td>
<td><strong>69</strong></td>
</tr>
</tbody>
</table>
3.5 Data Collection

Self-administered semi-structured questionnaires were used to collect the required data. The instrument was chosen because of its credit for flexibility in asking probing questions not beyond the focus of the study (Hopeful, 1997). Mainly, questions were asked and the questionnaires delivered and collected by hand to enhance respondents' participation and minimizing distortion of respondent's answers (Saunders et al., 2003). The questionnaires were administered through two properly trained research assistants to improve validity and reliability.

3.5.1 Questionnaire development

A pilot survey of the study area was conducted by the researcher and a questionnaire developed in consultation with the Municipal council of Chuka in June, 2005 where some aspects of the women owned enterprises were considered such as problems faced and factors that could enhance their development among others.

3.6 Data Analysis

The study used descriptive statistics in analyzing the data. All the data collected were arranged appropriately and analyzed by the use of MS Excel computer package. Descriptive statistics such as frequency distribution measures of central tendency was useful in data reduction and item analysis. The data analysis package was used to analyze data from all sources of files and used to generate tabulated reports, charts, percentages, plots of distribution and trends.
CHAPTER 4: FINDINGS, ANALYSIS AND INTERPRETATION

This chapter dealt with presentation of the research findings. The data in this study was summarized and presented in the form of tables, percentages, mean scores and standard deviation. Other factors identified from the questionnaires and other information provided by the respondents are summarized and ranked in order of importance.

4.1 Response rate

All the 69 respondents targeted responded to the questionnaires which was administered through the drop and pick late method. This response was considered adequate for data analyses since all the strata identified were represented. The age classes of the respondents were as represented by the table below with the highest age class being that of women with between thirty and thirty five years.

4.2 Demographic factors

Demographic factors covered age of the entrepreneur, age of the enterprise, the highest level of education attained, marital status and business training achieved at various levels by the women entrepreneurs interviewed.

4.2.1 Age of entrepreneur

The findings of the study showed that most women entrepreneurs were aged between thirty-one and thirty five years with a percentage of twenty nine, while the least were aged between forty six and fifty years. No entrepreneur was beyond sixty years or less than twenty (See Figure 2).
The study implies that most women owned enterprises aged between thirty and forty-five years are still strong and energetic than those aged forty-six and above and also between fifteen and twenty. Most of these women in this age were also found to be married hence looking for money to finance their families as compared to those that were in the age classes of between fifteen and twenty-five years.

![Figure 2 Age classes of respondents](image)

**4.2.2 Marital Status**

Of the respondents, over a half were married (52.2%) with those widowed and divorced forming the minority with 8.7% and 13% respectively (See table 2). This implies that most of the businesses are owned by married women who also have other responsibilities of family care hence the need to supplement the family income.
Table 2: Marital status

<table>
<thead>
<tr>
<th>Marital status</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>18</td>
<td>26.1</td>
</tr>
<tr>
<td>Married</td>
<td>36</td>
<td>52.2</td>
</tr>
<tr>
<td>Widowed</td>
<td>6</td>
<td>8.7</td>
</tr>
<tr>
<td>Divorced</td>
<td>9</td>
<td>13</td>
</tr>
<tr>
<td>Total</td>
<td>69</td>
<td>100</td>
</tr>
</tbody>
</table>

4.2.3 Age of businesses

The oldest business was 19 years old and the youngest was one year old. Most of the businesses were between one and five years old with a percentage of 40.5. Businesses with between six and ten years old were 29%. those with between eleven and fifteen years were 16% while those with between sixteen and twenty years were 14%. This implies that most of the women owned businesses in the area are new with the discovery of MFIs that provides start up capital.

Table 3: Age of business

<table>
<thead>
<tr>
<th>Age of business (Years)</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-5</td>
<td>28</td>
<td>40.5</td>
</tr>
<tr>
<td>6-10</td>
<td>20</td>
<td>29</td>
</tr>
<tr>
<td>11-15</td>
<td>11</td>
<td>16</td>
</tr>
<tr>
<td>16-20</td>
<td>10</td>
<td>14</td>
</tr>
<tr>
<td>Over 20</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>69</td>
<td>100</td>
</tr>
</tbody>
</table>
4.2.4 Level of education

Most of the respondents had acquired secondary school education with a few having reached university education and a few dropping at primary school (See the figure 3 below). The study implies that the level of education does not count when it comes to ownership of the women owned enterprises since those owned by secondary school level women were even more than those owned by women that had attained university education.

![Figure 3: Level of education](image)

4.2.4 Business training

81% of the respondents had not gone for business training courses while 19% had not gone for the courses. This explains the low business know-how in the area, lack of information on MFIs and poor management of the profits gotten from the enterprises.
Table 4: Business training attended

<table>
<thead>
<tr>
<th>Business training attended</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>56</td>
<td>81</td>
</tr>
<tr>
<td>No</td>
<td>13</td>
<td>19</td>
</tr>
<tr>
<td>Total</td>
<td>69</td>
<td>100</td>
</tr>
</tbody>
</table>

4.3 Reasons for starting MSEs by women

Respondents gave different reasons as to why they started their business. The reasons include looking money for survival, to supplement income, family request, lack of other alternatives and the urge to exploit the available business opportunities (See table 5). This explains why women owned enterprises in the area are growing in number with time with women of different ages being involved. This could also be due to lack of employment.

Table 5: Reasons leading to start of businesses

<table>
<thead>
<tr>
<th>Reasons for starting the business</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Survival</td>
<td>30</td>
<td>43.5</td>
</tr>
<tr>
<td>Supplement income</td>
<td>14</td>
<td>20.4</td>
</tr>
<tr>
<td>Family request</td>
<td>9</td>
<td>13</td>
</tr>
<tr>
<td>No other alternative</td>
<td>7</td>
<td>10.1</td>
</tr>
<tr>
<td>Exploit opportunity</td>
<td>9</td>
<td>13</td>
</tr>
<tr>
<td>Total</td>
<td>69</td>
<td>100</td>
</tr>
</tbody>
</table>
4.4 Other factors that influence growth of women owned enterprises

Respondents gave different factors influencing the growth of their businesses. Some of these reasons included; taking a lot of time in farming, using the business income to educate other brothers and sisters, meeting the family basic needs using the business money, taking care of children, paying school fees and financial support to parents (See Table 6). These activities were reported to be affecting the growth of the businesses in the following ways; delay in opening the businesses, consume much of the business income and profits which hinders business expansion lack of enough time to be in the business, reduce stock and poor market prices during low seasons for those dealing with foodstuffs. Most of the respondents gave multiple factors with the majority giving similar reasons (See Table 6).

Table 6: Factors influencing growth of women owned enterprises

<table>
<thead>
<tr>
<th>Factors</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concentration on farming</td>
<td>50</td>
<td>72.5</td>
</tr>
<tr>
<td>Use of business income to pay fees</td>
<td>33</td>
<td>47.8</td>
</tr>
<tr>
<td>Meeting family basic needs</td>
<td>62</td>
<td>90</td>
</tr>
<tr>
<td>Parental care of children</td>
<td>53</td>
<td>76.8</td>
</tr>
<tr>
<td>Financial support to parents</td>
<td>29</td>
<td>42</td>
</tr>
<tr>
<td>Opening business late due to multiple responsibilities</td>
<td>36</td>
<td>52.2</td>
</tr>
</tbody>
</table>

N = 69
The way the income was spent by various entrepreneurs varied but the most common being to buy stock, trying to expand the business and to pay workers. Various other ways were give as explained by Figure 4 Below.

Figure 4: Income expenditure

The sources of finances to the respondents included; bank loans, funding by parents, savings from employment, financing by husbands, savings from previous businesses, selling of farm proceeds, pension and loans from micro-finance institutions. 56% of the respondents had approached micro-finance institutions for financial assistance but 44% had not. Those that had not approached them cited reasons such as fear, lack of information and discouragement from friends as the reasons as to why they had not approached them. 49% of those that had approached the micro-finance institutions were awarded the loans. On the considerations made by these micro-finance institutions before lending, the respondents cited previous payment records, character of the borrower, repayment period and nature of the business as some of them.
4.5 Factors hindering growth of women owned enterprise

Several hindrances were quoted as having affected the growth of women owned enterprise in Chuka municipality negatively. These ranked from the severe to the least severe. The hindrances quoted by the most respondents are the most severe while those quoted by the least respondents are the least severe (See Table 7). Lack of start up finance scored the highest. This explains that many women entrepreneurs have little information the sources of capital for the businesses. Level of education scored the least indicating that they don’t consider it as a hindrance with any impact.

Table 7: Factors hindering growth

<table>
<thead>
<tr>
<th>Hindrance</th>
<th>Frequency</th>
<th>%</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of start up finance</td>
<td>65</td>
<td>94.2</td>
<td>1</td>
</tr>
<tr>
<td>Competition</td>
<td>60</td>
<td>90</td>
<td>2</td>
</tr>
<tr>
<td>Council harassment</td>
<td>54</td>
<td>74.2</td>
<td>3</td>
</tr>
<tr>
<td>Family duties</td>
<td>50</td>
<td>72.5</td>
<td>4</td>
</tr>
<tr>
<td>Security</td>
<td>48</td>
<td>69.6</td>
<td>5</td>
</tr>
<tr>
<td>Lack of customers</td>
<td>47</td>
<td>68.1</td>
<td>6</td>
</tr>
<tr>
<td>Society attitudes towards women</td>
<td>40</td>
<td>58</td>
<td>7</td>
</tr>
<tr>
<td>Lack of raw materials</td>
<td>33</td>
<td>47.8</td>
<td>8</td>
</tr>
<tr>
<td>Social cultural hindrances</td>
<td>26</td>
<td>37.7</td>
<td>9</td>
</tr>
<tr>
<td>Lack of business skills</td>
<td>25</td>
<td>36.2</td>
<td>10</td>
</tr>
<tr>
<td>Lack of awareness of business support</td>
<td>23</td>
<td>33.3</td>
<td>11</td>
</tr>
<tr>
<td>Lack of access to technology</td>
<td>19</td>
<td>27.5</td>
<td>12</td>
</tr>
</tbody>
</table>
4.6 Strategies for growth of women owned enterprises

Strategies identified by the respondents and the personal observation made by the research team that could improve the growth of women owned enterprises included creating awareness by micro-finance institutions on the availability of loans and the lending procedures, good customer relations, ploughing back profits to the business, selling on cash to avoid bad debts, commitment to work, reduced prices to increase the rate of turnover, after sale services for those buying in bulk, cleanliness especially in hotels and qualified personnel. Credit facilities to credit worth customers could also increase the rate of turnover.
CHAPTER 5: CONCLUSION, RECOMMENDATIONS AND SUGGESTIONS FOR FURTHER RESEARCH

5. Conclusion

The first objective of the study sought to identify factors that affect growth of women-owned enterprises in Chuka municipality. The results from the study show that several factors affected the growth of these enterprises. These factors included cultural factors, level of education, family responsibilities, and availability of finances, family size and government policy. The MSE sector was seen to play an important role in socio-economic development of the area. The significance of the sector was seen in terms of its contribution towards economic growth, employment creation, poverty reduction and a rise in the living standards of its people.

Despite the critical role played by the women owned enterprises, they were seen to be faced with many challenges and hindrances that inhibited the realization of their full potential. The key hindrances included unfavourable policy environment and inhibitive legal and regulatory framework. These enterprises were also seen to be faced with a number of constraints such as limited access to financial services, inadequate access to skills and technology, insecurity of the tenure, poor access to infrastructure, inadequate business skills, gender inequality and limited access to information.

Since majority of the women owned enterprises had no legal titles for the sites on which they operate, the access of the tenure denied them access to credit. Policies regulating the provision of power, loans and water coupled with stringent building standards compound their insecurity. The lack of legal titles led to their harassment by the local authorities. In return, the harassment acted as a disincentive for development and investment in work for the improvement of their enterprises. There is no structured institutional mechanism in the area to facilitate the flow of financial resources from the formal financial sector through micro finance institutions. This
increased the cost of credit to both entrepreneur and the financial institutions. This is because operations of financial institutions are tailored to offer credit services to formally registered businesses, which meet criteria such as proper maintenance of books of accounts and verifiable asset base, proper repayment, character of the borrower and security to the loan.

The women owned MSEs in the area were characterized by low levels of technology, inappropriate technology and absorption of modern technological skills. In addition, they also suffered lack of information on existing technologies and their potential. Consequently the area continued to experience low productivity, poor quality and limited range of products resulting in low competitiveness of the women owned enterprises.

Low levels of education and technical training of majority of women owned MSE operators were noticed with most of them having secondary school education and quite a good number with primary school education, while only a few of the had technical training. These levels of education and training indicated that the range of technology that the operators of these businesses can adopt and absorb was limited.

In order to enhance the growth of women owned enterprises in the area strategies have to be put in place. These include creating awareness by the micro finance institutions on the availability of loans and the lending procedures, advices on how to plough back profits to the enterprises, offering after sale services. The government should also recognize the potential of MSE sector in employment creation and poverty reduction by formulating favourable policies to promote the sector. Favourable legal and regulatory environment should be achieved through consolidation and harmonization of trade licensing and regulation services, thus licensing requirements including the rationale for licensing should be reviewed to make them more effective and user friendly. This will reduce harassment by the concerned authorities.
Business management and entrepreneurial skills are critical in the growth and development of MSEs. In order to improve and promote the acquisition of entrepreneurial skills, the government should encourage universities, polytechnics, technical institutions and other MSE support organizations to develop certified demand driven courses on entrepreneurship and business management. In order to develop a widespread enterprise culture, the government should introduce entrepreneurial development programmes in schools and other training institutions.

The government should recognize the need for a gender – mainstreaming framework in all MSE targeted activities. The framework should serve both as a tool to increase awareness of critical gender issues within the MSE development context as well as an impetus to elicit sector specific gender mainstreaming strategies. In order to address gender disparities, the government should pursue policies to empower women, increase their access to credit by encouraging them to form SACCOS, promote networking with formal banks and MFIs and build institutional capacity of support organization.

5.2 Recommendations

The study reveals that there are different factors influencing the growth of women owned MSEs in Chuka municipality. The many hindrances that inhibit the growth of these enterprises should be addressed so as to improve the welfare of the women.

The MSE sector should be effectively integrated and made able to make significant contribution to the production of goods and services. The MSE sector should be enhanced to form a sector capable of promoting the creation of durable decent and productive employment opportunities; stimulating economic growth; reducing economic disparities; strengthening linkages between firms, leveling the playing field between MSEs and the larger enterprises, improving MSE sector funding and enhancing institutional collaboration and coordination of interventions in the sector.
5.3 Suggestions for further research

This study focused on factors affecting growth of women owned MSEs only, however a study is necessary to compare these factors with those addressed by entrepreneurial developers in making growth decisions on the MSE sector. These results can be compared and contrasted to highlight any major similarities or differences in the growth of MSEs. A study should be carried out to determine the reasons behind the slow rate of growth of MFIs in the area.
REFERENCES


United States Department of Commerce (1994; *The Survey of Business by Gender of Ownership,* Bureau of Census, University Press.)
APPENDICES

Appendix 1: Questionnaire

Note: The information in this questionnaire will be used strictly for academic purposes only and will be treated with utmost confidentiality.

Date .....................................................  Questionnaire No. ..................................

PART A

1. Name of entrepreneur.................................

2. Type of entrepreneur activity.........................

3. Year in which business started.......................  

4. Indicate your marital status (Tick where appropriate)

   1. Single
   2. Married
   3. Widowed
   4. Separated/divorced
   5. Single/never married

5. What is your age? (Tick one)

   15-20   21-25   26-30   21-35   36-40   41-
   46-50   51-55   56-60   61 and above
6. Indicate the highest level of education completed

- [ ] Primary
- [ ] Secondary
- [ ] College
- [ ] University

PART B

7. Have you had any business training? Yes/No

If Yes, explain

8. Indicate the problems that you face in your business (Tick where applicable)

- Lack of start up finance
- Lack of access to technology
- Lack of awareness of business support
- Social cultural hindrances (Give examples)
- Lack of business skills
- Lack of raw materials
- Level of education
- Council harassment
- Security
- Competition
- Lack of customers
- Family duties
- Society attitudes towards women

Others

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-----------------------------------
-----------------------------------
-----------------------------------
-----------------------------------

35
9. Why did you start this business? (Tick where appropriate)
   Retrenchment
   Survival
   Supplement income
   Family request
   No other alternative
   Exploit opportunity
   Others

10. What was the source of finance to your business?

11. Indicate how you spend your business income
   Buy stock
   Pay workers
   Savings
   Pay school fees
   Expand business
   Others

12. Have you approached any micro-finance institution for financial assistance?
   Yes/No

13. If the answer for (14) above is yes, what did these institutions consider before giving you a loan?
   Performance of the business
   Previous records
   Character of the borrower
   Repayment period
   Nature of the business
   Others

14. Apart from your business activity, what other family roles do you play?
15. How do these roles affect your business?
Appendix 2: Map of Kenya showing Chuka municipality

Source: Central Bureau of Statistics, Nairobi Kenya
Appendix 3: Ownership Facts

<table>
<thead>
<tr>
<th>Location</th>
<th>Fact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Globally</td>
<td>women in advanced market economies own more than 25% of all businesses</td>
</tr>
<tr>
<td>In Japan</td>
<td>23% of private firms are established by women</td>
</tr>
<tr>
<td>In Russia</td>
<td>women own 64% of firms employing 10 people or more</td>
</tr>
<tr>
<td>In China</td>
<td>women founded 25% of the businesses since 1978</td>
</tr>
<tr>
<td>In Germany</td>
<td>women have created one-third of the new businesses since 1990 representing more than one million jobs</td>
</tr>
<tr>
<td>In Europe and Newly Independent States</td>
<td>Transition Economies - women are 25% of the business owners</td>
</tr>
<tr>
<td>In Hungary</td>
<td>women started more than 40% of all businesses since 1990</td>
</tr>
<tr>
<td>In Poland</td>
<td>women own 38% of all businesses</td>
</tr>
<tr>
<td>In Mexico</td>
<td>32% of women -owned businesses were started less than 5 years ago</td>
</tr>
<tr>
<td>In France</td>
<td>women head one in four firms</td>
</tr>
<tr>
<td>In Swaziland</td>
<td>women account for about 70% of micro, small, and medium enterprises</td>
</tr>
<tr>
<td>In USA</td>
<td>women own 38% of all businesses (8 million firms), employ 27.5 million people (or 1 in 5 workers), and generate $3.6 trillion in annual sales</td>
</tr>
<tr>
<td>In Great Britain</td>
<td>women are one-fourth of the self-employed sector</td>
</tr>
<tr>
<td>In the EU</td>
<td>one-third of new businesses are started by women</td>
</tr>
</tbody>
</table>

Sources: Estes (1999); Mutua et al.,(1998); Jalbert(1999); Carter & Cannon(1992)
## Appendix 4: Budget

<table>
<thead>
<tr>
<th>ITEM</th>
<th>COST (Ksh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transport (4*4 wheel drive car hire and fuel)</td>
<td>10000</td>
</tr>
<tr>
<td>Personnel (2 Local assistants and principal researcher)</td>
<td>45,000</td>
</tr>
<tr>
<td>Stationery (Notebooks, computer costs, photocopy etc)</td>
<td>20,000</td>
</tr>
<tr>
<td>Data Analysis</td>
<td>10,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>85,000</strong></td>
</tr>
</tbody>
</table>
## Appendix 5: Work plan

<table>
<thead>
<tr>
<th>Activity</th>
<th>Jan</th>
<th>Feb</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>Aug</th>
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</thead>
<tbody>
<tr>
<td>Proposal writing</td>
<td></td>
<td></td>
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<td>Research</td>
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<td>Project write up</td>
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